

ICPS newsletter®

Results-based Management: Komsomolsk success story

The “People’s Voice” project has published a practical guide called “Results-based Management for Local Governments.” This handbook is based on the results of a local initiative to improve the quality of local government services provided in Komsomolsk. A comparison of this Ukrainian town’s experience to global trends allows Komsomolsk to consider itself a member of the international club of municipal government innovators. Located in Poltava oblast, Komsomolsk has managed to integrate three modern systems of management: strategic planning, a program-based approach to drafting its budget, and a quality management system following ISO standards. One of the co-authors of this handbook, ICPS Director of Public Administration Projects Volodymyr Hnat is convinced that the experience of Komsomolsk is worth applying to other cities in Ukraine

Today’s challenges require modern local governments

Local communities are beginning to express their expectations that local governments should deliver quality services to the public ever more vocally. As a result, local governments in many countries are trying to find new ways to make their services to local residents cheaper and more effective.

Modernizing local governments mainly means establishing systems that help improve the services they provide. As a rule, it is very difficult to improve the quality of any services without instituting changes in the providing organization itself.

To deliver quality services to both residents and businesses, governments first need to clearly identify goals and outcomes and make decisions based on feedback about how they are progressing towards goals and outcomes. This is known across the world as a **“results-based management system.”**

The results-based management system focuses on:

- identifying expected performance targets and the indicators that describe them;
- developing and instituting the steps to achieve expected results;
- monitoring on a regular basis;
- making decisions based on feedback on the extent that planned results have been achieved.

Experts have been discussing the critical situation with municipal services in Ukraine for a long time. Indeed, the residential services sector has even become a national security issue, yet large-scale reforms have not commenced. Rates have been rising without commensurate improvements in the quality of these services, which include building maintenance and utilities, so the situation in the sector has only become aggravated. The town of Komsomolsk is thus a valuable example because it shows how to improve the delivery of government services and overall management in local governments.

Integrating three management systems

By early 2005, three modern systems were being used by the city of Komsomolsk:

- strategic planning for 2002–2006;
- a program-targeted approach to the municipal budget;
- a quality management system based on ISO standards.

All the three systems worked in parallel and helped better organize the work of local government. However, they did not constitute a single whole and this resulted in extra administrative work. Komsomolsk City Council saw that this situation was unsatisfactory and made a decision to improve things with the help of the “People’s Voice” project.

The first step to integrate these three systems was to adjust their features in come up with common parameters. It turned out that all budget-funded programs were approved with the help of a program-based method and that objectives within these budget-funded programs matched the municipal strategy and strategic goals without violating the principles of logical distribution. However, for certain strategic goals, no budget funds were allocated at all.

In addition, the project revealed that two of the management systems—strategic planning and a program-based budget—were potentially fully compatible and required only slight adjustment. In the end, it was decided that drafting program-based budgets could remain unchanged as the more widely-used operating system. Instead, the strategy would be tweaked to consolidate management.

After this was done, the management system structure looked as follows:

- all government efforts at the municipal level are guided by the strategy and the objectives it identifies;
- all activities are funded as part of local budget programs;
- the quality management system (QMS) monitors the quality of services provided using budget funds.

How these systems interact

1) **Revised goals.** The Komsomolsk Council made a decision to amend the basic elements of the municipal strategy and, based on these changes, to revise the city’s entire strategy. On one hand, this was intended to integrate strategic planning and a program-based budget. On the other—possibly more importantly—the project considered the significance of the goals written into the current strategy four years after they were identified.

By revising the system of strategic planning, a set of operating targets was outlined for each strategic goal. The

achievement of each target is supposed to be supported by programs and objectives funded by the budget drafted using program-based methods.

Thus, it was possible for Komsomolsk to combine these two systems at the functional level. After this revision, the logic of the new municipal strategy looks as follows: by fulfilling objectives and implementing programs, the town will achieve its operating targets.

After achieving all its targets in specific areas of operation, the town will be very close to achieving its current strategic goal. When all priority strategic goals have been achieved—in Komsomolsk, these are: fostering SMEs, better quality of life and developing the community and the urban management system—the town will be in a position to implement its long-term municipal development program, the Komsomolsk vision.

2) New indicators. To check the effectiveness of the newly established system, local government and project specialists developed a new set of indicators what combine the old municipal strategy indicators, the program-targeted budget indicators, and the QMS indicators. At least three indicators were established for each strategic and operational goal and related budget programs. These indicators allow Komsomolsk to evaluate how effectively a specific goal is being reached, the quality of this effectiveness, such as compliance with established standards, and quantitative effectiveness, such as the cost of a given service.

Because of the large number of indicators and the considerable document flow in the performance monitoring system, the decision was to develop special software to record, save and report monitoring results.

3) Monitoring. Having comprehensive set of indicators and periodically calculating their values makes it possible to monitor the progress of strategy implementation on a regular basis, as well as the quality of services provided by local governments.

In Komsomolsk, project participants set up a system for monitoring indicators from the strategic municipal development plan, the program-based budget and the QMS so that reporting data for subcommittees of the Komsomolsk Municipal Executive Committee can be systematized and compared to planned objectives and so that the indicators can eventually be analyzed. This system also allows top

officials from the Komsomolsk City Executive to make effective managerial decisions. The system for monitoring the results of local government activities meets three basic requirements:

- indicators for the three management systems are analyzed on a quarterly basis;
- analysis covers three basic levels: departments, deputy mayors and Mayor's Office;
- special formats are used for reporting.

With the help of a system for monitoring and information exchange, managers can see whether the goals identified for each area of services have been reached and how the human and financial resources allocated to these services have been used. By studying feedback from users, local governments can also oversee the cost/unit of product (service) and regularly evaluate whether services meet the needs of local residents.

Other cities can replicate the Komsomolsk experience

The experience of Komsomolsk is typical for Ukrainian cities and towns. The level at which changes are instituted will depend on the institutional capacity of a particular municipality to absorb innovation. While carrying out a phased modernization of the management system, a city should consider six main points:

- Any modernization of a municipal management system begins with a mayor who understands the need to change the community's approach to its work and wants this community to have higher quality services;
- Modern management approaches should be introduced gradually. For example, a city can begin with putting together a development strategy as it identifies the correct order for all the next steps;
- Once it has identified activity goals at the local government body level, the city should determine achievement indicators and structure internal reporting within that organization;
- The city needs to maintain communication links among staff and local residents in order to understand their expectations and evaluations of the quality of services;
- Modernization of management can begin with certain sectors and then expand to

By the way...

- 1–3 March 2007, ICPS Director of Policy Programs Viktor Chumak visited London as part of a delegation including Verkhovna Rada deputies and representatives of community organizations. This visit was legislative oversight of weapons exports. In London, participants met with representatives of the UK Ministry of Defense, Foreign and Commonwealth Office, Department of Trade and Industry, and Department for International Development (DFID).
- During the first week of March, ICPS analyst Ihor Shevliakov, a specialist in public administration, visited Kyrgyzstan where he participated in a conference called "Central Asia in 2007: Dynamics of Change and Development" on 2 March 2007. During this conference, participants from four Central Asian countries, as well as from Russia, the Czech Republic, Armenia, and Ukraine discussed political trends in this region, recent changes and prospects, and also analyzed geo-political and geo-economic aspects of development. Over 3–4 March, Mr. Shevliakov also participated in a regional workshop called "Strengthening Central Asian Think-Tanks" where he made a presentation called "How to Build an Effective Think-Tank: Organizational challenges." Both events were organized by the Institute for Public Policy, which is one of the leading think-tanks in Kyrgyzstan.

other areas of activity and to the entire chain of command, once the municipality has enough experience in managing change;

- The municipality must invest into developing HR potential and training.

Komsomolsk is one of the six cities participating in the "People's Voice" project (<http://pvp.org.ua>) that is financed by the Canadian International Development Agency (CIDA) and the World Bank and implemented jointly by the International Centre for Policy Studies (ICPS) and PADCO, a US consultancy. The goal of this project is to improve the quality of services provided by local governments to their populations. For more information, contact Volodymyr Hnat, by telephone at (380-44) 484-4409 or via e-mail at vhnat@icps.kiev.ua.

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